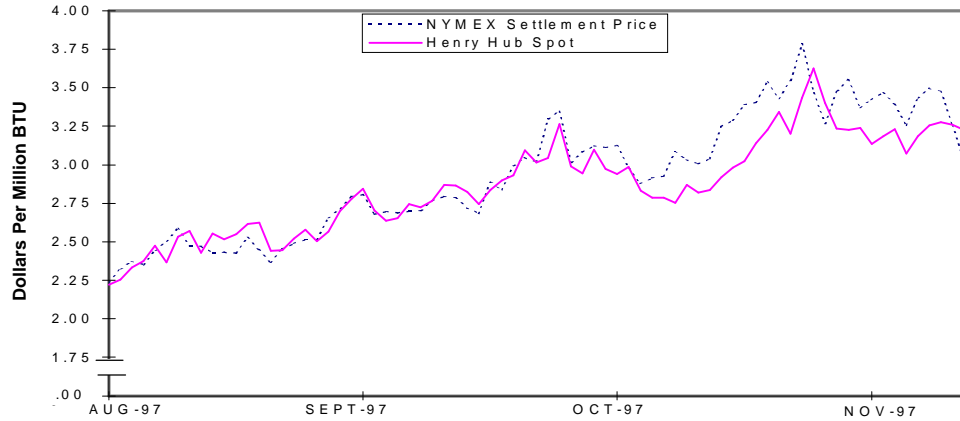


NYMEX Future Prices vs Henry Hub Spot Prices

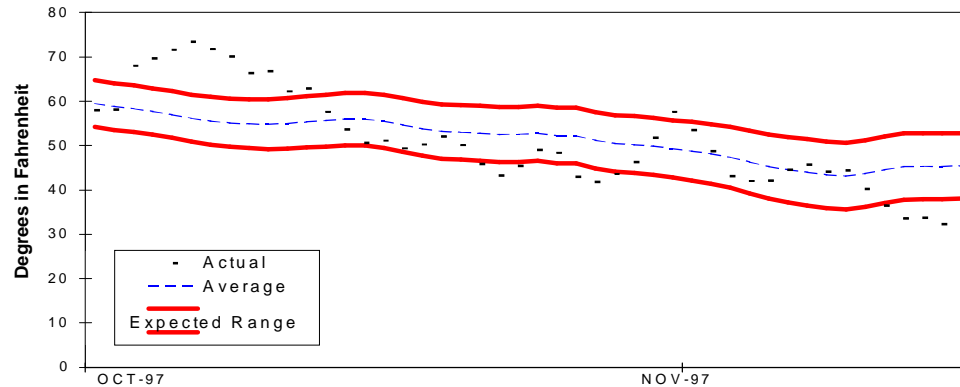
HENRY HUB PRICE		
	SPOT	FUTURES
	Nov	Dec
	Del	Del
	(\$ per MMBtu)	
11/10	3.16-3.21	3.433
11/11	3.22-3.29	3.495
11/12	3.26-3.29	3.477
11/13	3.24-3.28	3.255
11/14	3.19-3.26	3.029



Average temperature for Four Major Gas Consuming Metro Areas

(Chicago, Kansas City, New York, and Pittsburgh)

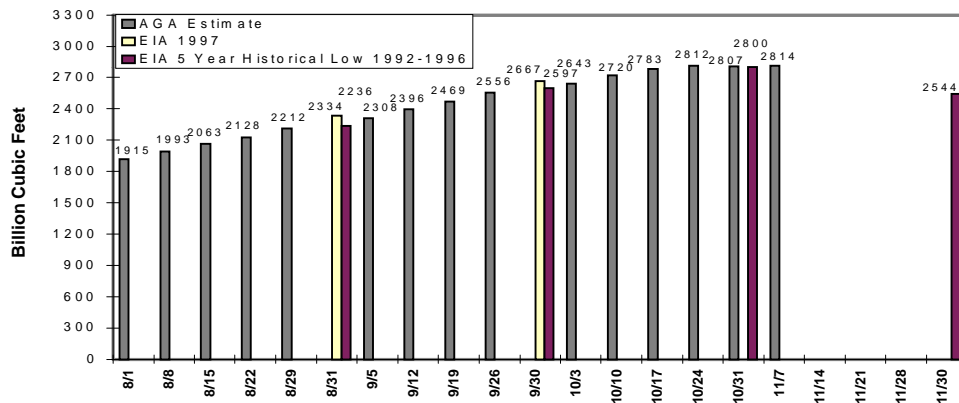
Average Temperature for Four Major Gas Consuming Areas			
	Actual	Normal	Diff
11/09	44	43	1
11/10	40	44	-4
11/11	37	45	-8
11/12	34	45	-11
11/13	34	45	-11
11/14	32	45	-13
11/15	30	45	-15



Working Gas In Storage 1997

Working Gas Volume as of 11/07/97		
	BCF	% Full
EAST	1695	95
WEST	371	77
Prod Area	748	81
U. S.	2814	88

Source: AGA



The NYMEX futures price for December delivery at the Henry Hub opened Monday, November 17, at \$3.09 per MMBtu, \$0.061 more than Friday's settlement price. The first extended period of cold weather moved across the Midwest and into the East last week. Daytime temperatures in Chicago, Kansas City, and Pittsburgh remained in the 30s and nighttime lows were well below freezing most days. Weather forecasts for this week are calling for moderating temperatures in most parts of the country. Despite last week's falling temperatures, Henry Hub spot prices rose early in the week then stabilized at about \$3.25 per MMBtu during the last half of the week. In contrast, the futures contract for December displayed considerable volatility, moving both up and down between \$0.06 and \$0.22 per MMBtu before ending the week down over \$0.40 at \$3.029. During the first week of November, 7 Bcf was added to working gas storage levels, which was a reversal of the previous week's withdrawal activity. The price of West Texas crude oil was again stable as it traded between \$20.45 and \$20.80 per barrel last week.

Coal Deliveries to Texas Utilities: The latest reports from the Union Pacific Railroad indicate that the company is making some progress to unclog its train movements into and out of Texas. UP reported that "car exchanges" (moving cars out of the UP system) are increasing and unit coal turn-around has increased, but average train speed remains below normal. In the meantime, the DOE Office of Emergency Management (EM) is reporting that several electric utilities in Texas still have less than the normal 30-day supply of coal stocks. EM reports that some of these utilities have instituted a coal conservation plan and have increased their consumption of natural gas. At this time, no specific data are available on the level of increase in gas consumption at these Texas utilities. However, based on recent market price activity, it appears that at present natural gas supplies in the Southwest are capable of meeting the increased demand.

Storage: For the week ended November 7, the American Gas Association (AGA) reported net injections in two of three regions as well as at the national level, with 4 Bcf each into reservoirs in the Consuming East and West regions and 1 Bcf of net withdrawals in the Producing region. With temperatures in many areas of the country below normal this past week, it is very likely that the industry will experience net withdrawals for the week, at least for the Consuming East and Producing regions. According to AGA estimates, working gas inventories on November 7 were at their highest levels so far this year, with 2,814 Bcf at the national level and 1,695 Bcf in the Consuming East region. These current-year highs are 89 Bcf greater and 26 Bcf less, respectively, than the AGA-estimated peak levels from last year. Further, last year's peaks occurred almost one full week earlier, on November 1, 1996.

Spot Prices: The spot price at the Henry Hub moved up about \$0.15 per MMBtu early in the week in response to the cooler temperatures. The price remained generally unchanged during the last 3 days of the week, even though the season's first period of below freezing temperatures continued to move East. Many industry observers hold the view that the spot market continues to be influenced by the futures market at this time. This is consistent, despite the opposite price trend, with what was occurring in September and October when the spot market moved up following sharp price increases in the near month futures contract.

Futures Prices: The futures contract for December delivery exhibited a significant amount of volatility last week, opening Monday at over \$0.17 higher than its Friday close and approaching \$3.50 per MMBtu on Tuesday before falling back and settling on Friday at \$3.029 per MMBtu. At this price, it is still trading below the November futures contract's final price of \$3.262 and more than \$0.10 below the October contract price. This trend in the December futures price continues to run counter to that experienced last year, when the futures prices rose consistently from October through December before settling at a record level of \$3.90. This year's December contract will close on November 24.

Summary: Several days of low temperatures in the Midwest and the East appeared to have had little impact on natural gas markets last week as spot prices were stable and the December futures contract price declined more than \$0.40 per MMBtu. Working gas storage levels had a somewhat unusual increase for the first week of November.